Before the FEDERAL COMMUNICATIONS COMMISSION Washington, DC 20554

In the Matter of AT&T Petition to Launch a Proceeding Concerning the TDM-to-IP Transition) Docket No. 12-353)
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REPLY COMMENT OF INTEL CORPORATION

Intel Corporation ("Intel") respectfully submits this pleading supporting AT&T's Petition seeking Federal Communications Commission ("Commission") approval of limited regulatory trials that would facilitate the transition from the legacy time division multiplexed ("TDM") network to a new all-Internet Protocol ("IP") network. Intel is a world leader in computing innovation – designing and building the essential technologies that serve as the foundation for the world's computing and network infrastructure devices.

Intel has long supported Commission efforts to shape public policies that foster high-quality, affordable, and ubiquitous broadband service. We believe that the overwhelming majority of the costly, but risky investment in the fast changing, dynamic broadband market will be privately funded. Therefore, Intel supports reviewing Commission policies that may unnecessarily impede private sector investment in broadband facilities.

Granting AT&T's proposal to conduct trial runs of a regulatory framework in geographically discrete wire centers would advance these goals. The proposed trials will provide

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¹ AT&T Petition to Launch a Proceeding Concerning the TDM-to-IP Transition (filed Nov. 7, 2012) ("AT&T Petition").

evidence as to the impact of existing regulations on broadband investment and whether such regulations could be prudently eliminated or replaced with more narrowly tailored regulation.

I. AT&T Proposes an Incremental and Prudent Means of Evaluating the Impact of Existing Regulation on America's Broadband Infrastructure

The AT&T Petition proposes an incremental path which will enable the Commission to evaluate the appropriate regulatory environment for a nationwide TDM-to-IP transition.

Specifically, "AT&T asks the Commission to consider conducting, for select wire centers ..., trial runs of the transition to next-generation services, including the retirement of ... TDM facilities and offerings and their replacement with IP-based alternatives."

The trial is prudently limited to three proposed regulatory changes in the selected wire centers. First, AT&T asks the Commission to refrain from imposing – within these trial centers – legacy telephone era regulations that require carriers to maintain TDM-based networks and services even after they have turned on replacement IP networks.³ For example, carriers would not have to obtain Section 214 approval prior to discontinuing legacy interstate TDM services and replacing them with alternative and upgraded IP-based services.⁴ Elimination of this rule would remove uncertainty and delay that can chill carrier investment in next-generation facilities.

Second, AT&T requests that, in the selected wire centers, the Commission no longer allow carriers and their customers to demand dedicated TDM-based transmission services where

³ AT&T Petition at 21.

² AT&T Petition at 1.

⁴ Section 214 provides that "[n]o carrier shall discontinue, reduce, or impair service to a community, or part of a community, unless and until there shall first have been obtained from the Commission a certificate that neither the present nor future public convenience and necessity will be adversely affected thereby." 47 U.S.C. §214(a).

VoIP replaces legacy circuit-switched telephony.⁵ Rather, when a carrier transitions its network to Ethernet or other IP services, it would not incur the costs of providing TDM format interconnection or services.

Third, AT&T asks the Commission to implement reforms within the trial centers which would assist in the migration of customers from legacy TDM-based services to next-generation IP-based services, subject to notification by the carrier. AT&T states that this notice will allow non-migrating end-users to switch to an alternative service, whether on their own or with the assistance of their current carrier, and prevent a handful of customers from delaying the carrier's transition.

II. AT&T's Proposal to Implement Regulatory Reform in Trial Wire Centers Has the Potential to Provide Significant Insight

The prior section addressed various investment-deterring legacy regulations that AT&T believes may discourage carrier investment in next-generation IP services.⁷ The relaxation of these legacy regulations in the trial centers may provide the Commission with significant insight on how to foster a nationwide TDM-to-IP transition, while protecting consumer interests and promoting private investment.⁸

⁵ AT&T Petition at 21.

⁶ AT&T Petition at 21.

⁷ Verizon and Verizon Wireless similarly discuss many outdated regulations that the Commission should consider eliminating or revising. *See* Comments of Verizon and Verizon Wireless, *In the Matter of AT&T Petition To Launch a Proceeding Concerning the TDM-to-IP Transition*, GN Docket No. 12-353 at 25-33 and Appendix A (filed Jan. 28, 2013).

⁸ Grant of AT&T's Petition also could consolidate consideration of various legacy regulations into one proceeding while testing regulatory reform in the wire centers prior to a nationwide IP transition.

For example, the wire center trials could shed light on the level of IP-based deployment that carriers can profitably deploy when they are not required to invest in redundant TDM networks. This impact could be large. As the Commission's *National Broadband Plan* states, "requiring an incumbent to maintain two networks ... reduces the incentive for incumbents to deploy [next-generation networks]" and "siphon[s] investments away from new networks and services."

AT&T echoes the *National Broadband Plan*'s sentiment, asserting that "[m]aintaining a legacy TDM network ... is an immensely expensive proposition. By one estimate, ILECS collectively have devoted *half* of their wireline capital expenditures in recent years to upkeep of their legacy networks."

Presumably, maintenance of both legacy and new networks is not sustainable or efficient; nor is it in the best interests of consumers who deserve access to the most advanced networks. If outdated regulatory burdens require carriers *de facto* to allocate "an enormous percentage" of their capital expenditures towards "maintaining increasingly obsolete technologies that can no longer deliver what American consumers ... demand[,]" residential and business consumers lose. On the other hand, if carriers were allowed "to retire legacy TDM-based services and networks ... [it] would allow those carriers to free up *billions* of dollars to invest in next-generation IP services."

⁹ Federal Communications Commission, Connecting America: The National Broadband Plan, at 49, 59 (2010).

¹⁰ AT&T Petition at 12 (citing Robert C. Atkinson and Ivy E. Schultz, Columbia Inst. For Tele-Info., *Broadband in America: Where It Is and Where It Is Going*, at 29-30 (Nov. 2009) (emphasis added)).

¹¹ AT&T Petition at 12.

¹² AT&T Petition at 12 (emphasis added).

Finally, grant of AT&T's proposal should reveal any regulatory issues that may need to

be addressed in a nationwide TDM-to-IP transition – thereby enabling the Commission to make

prudent, data-driven decisions. Regulation of AT&T's and other carriers' IP networks may or

may not be necessary. Regardless, legacy regulation should not be applied blindly to next-

generation networks. Rather, after assessing the data, if regulation is deemed appropriate, it

could be narrowly tailored to address specific problems identified by these trials.

III. Conclusion

Intel urges the Commission to expeditiously grant AT&T's Petition and commence the

requested geographically limited regulatory trials that could expedite our nation's TDM-to-IP

Transition. These wire center trials could provide much needed real-world empirical evidence

and context as the Commission establishes a next-generation regulatory environment that

protects consumers and promotes private investment and competition.

Respectfully submitted,

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